

Message Text

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11

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 DRC-01 /185 W

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R 190830Z MAR 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3796

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, IT

SUBJECT: GOI COMMENT ON ECG BRUSSELS MEETING MARCH 13-14

STATE ALSO FOR T/IEP

1. MINISTRY INDUSTRY DIRECTOR GENERAL FOR ENERGY RISTAGNO, WHO
ATTENDED BRUSSELS ECG MEETING, COMMENTED TO EMBOFFS MARCH 18

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THAT MEETING WENT WELL AND YIELDED "POSITIVE RESULTS." HE FELT

THE TERMS OF REFERENCE AGREED UPON WERE ALL HIGHLY VALID. HE CITED IN PARTICULAR THOSE REGARDING INTERNATIONAL COOPERATION ON ENERGY R AND D, STATING THAT GOI CONSIDERED ESTABLISHMENT OF AD HOC GROUP IN THIS FIELD AS VERY IMPORTANT. HE ALSO NOTED GOI INTEREST IN SUBJECT OF "ROLE OF INTERNATIONAL OIL COMPANIES," FOR WHICH HE WILL BE HEADING AD HOC GROUPS. RISTAGNO INFORMED US THAT GOI IS WORKING ON ITS INITIAL PAPER FOR CONSIDERATION BY GROUP ON APRIL 2 AND WILL PASS IT TO EMBASSY AS SOON AS POSSIBLE FOR FORWARDING TO WASHINGTON.

2. IN COMMENTING ON VALIDITY OF US APPROACH TO ENERGY PROBLEM, RISTAGNO ATTRIBUTED EVIDENCE OF OPEC MODERATION ON OIL PRICES COMING OUT OF RECENT VIENNA MEETING LARGELY TO WASHINGTON ENERGY CONFERENCE.

3. AS FOR EVIDENCE OF POSSIBLE GOF MOVE TO RELAUNCH EC ENERGY POLICY (LUXEMBOURG 0172 NOTAL), RISTAGNO EXPRESSED SERIOUS DOUBTS. HE CHARACTERIZED FRENCH AS STILL IN A HIGHLY NEGATIVE PHASE, NOTING THAT IN RECENT EC ENERGY COMMITTEE MEETING, FOUR OF SIX HOURS WAS SPENT HAGGLING OVER PROCEDURAL MATTERS. IN UNDERLINING LACK OF HEADWAY ON EC ENERGY POLICY, RISTAGNO POINTED OUT IRONICALLY THAT COMMISSION IS STILL STUDYING A MODEST PACKAGE OF MEASURES THAT AT BEST WOULD BE VALID ONLY THROUGH JUNE 30 OF THIS YEAR.

4. IN SEPARATE BUT RELATED REMARKS RISTAGNO ALLUDED TO HARMFUL EFFECT UPON ITALY OF CURRENT OIL INDUSTRY SCANDAL INVESTIGATION UNDERWAY (ROME 2586 NOTAL). HE COMMENTED THAT INDUSTRY MINISTER DE MITA REFUSES TO TAKE ACTION ON ANYTHING HAVING TO DO WITH OIL AND THAT CONSEQUENTLY A NUMBER OF INCREASINGLY URGENT DECISIONS REMAIN SUSPENDED.

5. AS FAR AS ITALIAN OIL SUPPLY SITUATION IS CONCERNED, RISTAGNO COMMENTED THAT OVERALL IMPORTS ARE NORMAL, ALTHOUGH THE PORTION DESTINED TO INTERNAL MARKET AS OPPOSED TO THAT GOING TO THIRD COUNTRY PURCHASES IS SLIGHTLY BELOW NORMAL. THE PRODUCT PRICE INCREASES GRANTED FEBRUARY 20 HAVE CONSIDERABLY IMPROVED THE SUPPLY SITUATION FOR ALL PRODUCTS WITH THE EXCEPTION OF FUEL OIL, WHOSE PRICE IS STILL TOO LOW. ALTHOUGH THERE HAVE BEEN NO COMPLAINTS BY INDUSTRY OF FUEL OIL SHORTAGES SO FAR, RISTAGNO LIMITED OFFICIAL USE

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FORESAW THE POSSIBILITY OF SHORTAGES IN THE FUTURE. HE NOTED THAT THE PROBLEM IS ONE OF PRICE RATHER THAN SUPPLY AND COULD BE EASILY RESOLVED THROUGH GOVERNMENT APPROVAL OF A FURTHER PRICE INCREASE FOR FUEL OIL. VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, SUPPLIES, RESEARCH & DEVELOPMENT AGREEMENTS, MEETINGS, COMMITTEES, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME03729
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740332/aaaabeai.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2002 by kelleyw0>; APPROVED <06 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOI COMMENT ON ECG BRUSSELS MEETING MARCH 13-14 STATE ALSO FOR T/IEP
TAGS: ENRG, IT, ECG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005